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PUBLIC UTILITIES COMMISSION
OF THE CITY OF KINGSTON

19 Queen Street,
Kingston, Ontario.

October 15th, 1963.

Mr. H.R. Hanson, Secretary,
The Ontario Committee on Taxation,
88 University Avenue,
TORONTO 1, Ontario.

Dear Sir:

This Commission is placed to considerable additional expense in its claims for repayment of Ontario Sales Tax.

The Commission operates and controls the following four services in the City of Kingston:

(1) Distribution of Electricity
(2) Distribution of Water
(3) Distribution of Gas
(4) Public Transportation.

Our difficulties arise from the present method of applying the Sales Tax regulations to the Water and Gas distribution systems. The Commission is unique in that it has control and management of these two services in this City. The Public Utilities Commission of the City of Kitchener and this Commission have the only two municipally owned gas distribution systems in the Province of Ontario.

In addition to the gas system, however, this Commission operates the water distribution system which, in the City of Kitchener, is operated by a Separate Board.

Under the present regulations we purchase all materials and pay the Sales Tax at the time of purchase as required under the regulations. In the case of the Water and Gas Utilities, however, when the materials are used we have to analyze all the various accounts, etc. and make up a claim for refund of the tax on all works which become a part of real property - this includes maintenance (Under Regulation No. 20) of these works as well as the initial installation of new plant.

As gas and water mains are all installed underground, and are, therefore, real property, this means that tax is paid on all material used and we have to go through the process of claiming refund of the tax. It can be appreciated that there is a considerable amount of additional clerical work required to make these claims as it applies to all works, whether by contract or our own labour.

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Considerable sums are involved in Sales Tax and while the clerical effort is repaid in the refund it is not the intention of the Sales Tax to provide employment particularly to claim refunds.

It is suggested, therefore, that municipally owned gas and water distribution systems be exempted from Sales Tax except on those items which do not become a part of real property.

We are aware that certain materials used in the electric distribution system are exempt but this does not create the same problem as in our other two services.

Yours faithfully,

Signature,

A.Bowie,
Secretary Treasurer.